



PATENT
Attorney Docket No. 05793.3068-00000

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:)
)
Kevin HUENNEKENS et al.) Group Art Unit: 3693
)
Application No.: 09/897,775) Examiner: Kirsten Sachwitz Apple
)
Filed: June 29, 2001)
)
For: SYSTEMS AND METHODS FOR) Confirmation No.: 9815
PROCESSING CREDIT CARD)
TRANSACTIONS THAT EXCEED
A CREDIT LIMIT

Mail Stop AF
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

PRE-APPEAL BRIEF REQUEST FOR REVIEW

Applicants request a pre-appeal brief review of the rejections set forth in the final Office Action mailed on October 12, 2006. Applicants respectfully assert that (1) the application has been at least twice rejected; (2) this request is being filed concurrently with a Notice of Appeal; (3) this request is being filed prior to an Appeal Brief; and (4) this request is five or less pages in length, all in accordance with the guidelines set forth in the Official Gazette Notice of July 12, 2005. Applicants request the prompt review of the Examiner's rejections set forth in the final Office Action.

I. Rejection of claims 1-66 under 35 U.S.C. § 103(a)

The Examiner rejected claims 1-66 as unpatentable under 35 U.S.C. § 103(a) over *Demoff* in view of the Examiner's Official Notice. The final rejection of claims 1-66 is legally deficient because the Examiner has not established a *prima facie* case of obviousness. Claim 1 calls for a combination including, for example, "determining a merchant credit risk associated with the determined merchant type." *Demoff* fails to teach or suggest at least this element of claim 1.

The Examiner alleges that *Demoff* discloses "a method managing financial transactions (with transactions that exceed credit limits)" including "comparing" and "approving the transaction based on comparison" (Final Office action at p. 2). In addressing the claimed feature of "determining a merchant credit risk associated with the determined merchant type," the Examiner relies on Figure 1, items 24 and 26 of *Demoff* to assert that "it is inherent that the merchant went through a risk assessment review" (Final Office action at p. 7, emphasis added). This is not correct.

In the portion cited by the Examiner, what *Demoff* actually discloses is a "method and system" for "issuing credit as payment in a consumer transaction which eliminates the need for a traditional credit card while also minimizing any potential for fraud of theft." *Demoff* further discloses responding "to a request for issuing a credit transaction number that is made concurrent with a particular transaction" (Abstract). Contrary to the Examiner's allegation, Figure 1, items 24 and 26, of *Demoff* merely discloses a "registered vendor" (24) and an "unregistered vendor" (26). *Demoff* discloses no "credit risk" associated with these "vendors" or merchants. Therefore, neither the relied on portions of *Demoff*, nor any other portions, teach or suggest "determining a merchant credit risk associated with the determined merchant type," as recited in

claim 1. Because *Demoff* fails to teach or suggest the recitations alleged by the Examiner, the rejection of claim 1 is legally deficient.

Moreover, the Examiner admits that *Demoff* does not teach or suggest “determining merchant type” (Final Office Action at p. 2). In an attempt to cure this admitted deficiency, the Examiner takes Official Notice that such processes are “well known in the art” in the form of “credit fraud shut-off business practices” and that “it would have been obvious to one of ordinary skill in the art to make the alleged combination.” (*Id.*) In particular, the Examiner asserts that “‘it is well known in the art at the time if the invention’ that credit card companies monitor, type & credit rate merchants.” In support of this position, the Examiner merely asserts, “[a]sk anyone and one of common knowledge in the art, they have probably either personally experienced or friend’s credit card being blocked because of ‘high risk’ transactions they had been making” (Final Office action at pp. 7-8).

Applicants traverse the Examiner’s improper taking of Official Notice that the above-noted recitations of claim 1 are well known. An Official Notice rejection is improper unless the facts asserted are well-known or common knowledge in the art, and capable of instant and unquestionable demonstration as being well-known. See M.P.E.P. § 2144.03, the procedures set forth in the Memorandum by Stephen G. Kunin, Deputy Commissioner for Patent Examination Policy dated February 21, 2002, and the precedents provided in *Dickinson v. Zurko*, 527 U.S. 150, 50 U.S.P.Q.2d 1930 (1999) and *In re Ahlert*, 424 F.2d 1088, 1091, 165 U.S.P.Q. 418, 420 (CCPA 1970). Further, any facts asserted as well-known should serve only to “fill in the gaps” in an insubstantial manner. It is never appropriate to rely solely on “common knowledge.”

Furthermore, Applicants traverse the Examiner's taking of "Official Notice," noting the impropriety of this action, as the Federal Circuit has "criticized the USPTO's reliance on 'basic knowledge' or 'common sense' to support an obviousness rejection, where there was no evidentiary support in the record for such a finding." *Id.* Applicants submit that "[d]eficiencies of the cited references cannot be remedied by general conclusions about what is 'basic knowledge' or 'common sense.'" In re Lee, 61 USPQ2d 1430, 1432-1433 (Fed. Cir. 2002), quoting In re Zurko, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001).

Applicants refer the Examiner to MPEP § 2144.03. In relevant part, MPEP § 2144.03 states, "If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding." Examiners Apple and Daas provided an affidavit dated October 2, 2006. Applicants first traverse the Examiners' affidavit because it is simply an additional statement by the Examiners that is extrinsic to the Final Office action. Furthermore, even if the statements included in the affidavit were correct, which is not conceded by Applicants, these also fail to support the Examiner's position. The Examiner asserts that the instances described in the affidavit "depict 'merchants being typed,'" as recited in claim 1. The Examiners' affidavit describes situations in which a credit card was allegedly "blocked." However, the affidavit fails to comply with the requirement to state that the Examiners had personal knowledge as to the "merchants being typed," as required under 37 C.F.R. 1.104(d)(2). Applicants respectfully submit that having a credit card "blocked" due to use overseas or due to purchasing "high price electronics" does not establish personal knowledge as to "determining a merchant type." These assertions are not supported by the Examiner's affidavit, as required

under 37 C.F.R. 1.104(d)(2). Therefore, there is no evidentiary support for the Examiner's taking of Official Notice regarding claim 1.

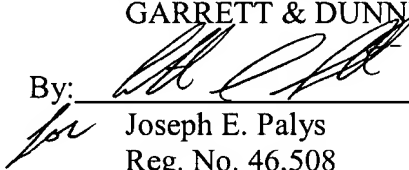
Furthermore, the Examiner alleges that in *Demoff*, "it is inherent that the merchant went through a risk assessment review." (Final Office action at p. 7, emphasis added). As noted by M.P.E.P. § 2121, "[t]o establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill." *Id.* Moreover, "[i]n relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." *Id.* Contrary to the requirements of M.P.E.P. § 2121, the Examiner failed to provide rationale or evidence tending to show inherency.

Independent claims 21, 41, 61, 63, and 65, although of different scope, recite features similar to those of claim 1. Claims 2-20, 22-40, 42-60, 62, 64, and 66 depend from independent claims 1, 21, 41, 61, 63, and 65, respectively. For the foregoing reasons, Applicants respectfully submit that the rejection of claims 1-66 includes factual and legal deficiencies entitling Applicants to a pre-appeal brief review of the Final Office Action. Applicants request that the rejection be withdrawn and the claims allowed. Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER, L.L.P.

Dated: April 12, 2007

By:  56,877
Joseph E. Palys
Reg. No. 46,508